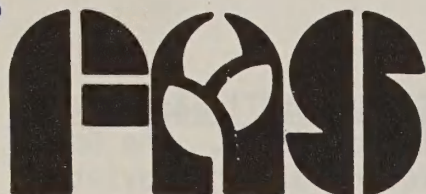


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REPORT

United States
Department of
Agriculture
Foreign
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Service
Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 32-82

WASHINGTON, August 11--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

ARGENTINA's economic policy changes in the wake of the Falkland Islands dispute appear to be slowing the pace of export sales and causing some uncertainties in the domestic grains market. In early June, the peso was devalued again and a two-tier exchange rate was reinstated with a dollar/peso rate for international trade purposes and a somewhat higher financial rate for domestic transactions. Since the two-tier system was revived, the gap between the two exchange rates has widened. The financial rate recently was nearly double the commercial or international trade rate in terms of pesos per dollar. In addition, export taxes were increased to offset the inflationary impact of the devaluation somewhat. These two policy changes have created uncertainty in the grain market. As a result, farmers are reluctant sellers and exporter margins are being squeezed or eliminated by the two-tier exchange rate system.

While export sales activity has been minimized recently, domestic prices are expected to return to a more realistic relationship with the international market. The pace of Argentine coarse grain exports is expected to increase in the coming months, allowing Argentina to meet the export volumes projected earlier in the season.

Under a recent agreement, PAKISTAN is to export 100,000 tons of wheat to Iran during the 1982/83 season, 50,000 tons of which have already been shipped. This marks the first time that Pakistan--a major wheat importer--has exported wheat. Several successive good harvests and a buildup in stocks have made this sale possible. Uncertainty, however, about the actual size of this year's harvest leaves open the question as to whether the full 100,000 tons will be shipped.

CANADA's grain exports reached record levels during the 1981/82 July/June season. Wheat and wheat flour exports approached 18 million tons, almost 1 million tons above July-June 1980/81 levels. Canadian barley exports in the 1981/82 season exceeded 5.5 million tons, almost double the previous year's level. Corn and rye exports reached new records of over 1 million tons and 600,000 tons, respectively.

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The Soviet Union remained Canada's major grain market, importing over 4.5 million tons of wheat, including almost 1 million of durum. The Soviet Union was Canada's largest durum market for the first time. The Soviets also imported over 3 million tons of barley and rye and almost 1 million tons of Canadian corn.

SUDAN's wheat import needs are likely to increase this year while export availability of sorghum is expected to decline owing to a drought-reduced crop. Sudan has been faced with 40-60 percent of normal rainfall for a 6-week period ending in mid-July. Sorghum and millet crops were most affected. Rainfall since that date has been insufficient to alleviate crop damage.

Sudanese sorghum exports have steadily increased in recent years to around 600,000 tons in 1981/82. Saudi Arabia imports about 80 percent of this grain. Increased demand for wheat may also ensue from Sudan. U.S. wheat exports to Sudan averaged more than 300,000 tons annually for the past 4 years, and reached 360,000 tons during July-June 1981/82.

On July 28, BANGLADESH purchased 40,000 tons of U.S. wheat, which will be exported to the Soviet Union as the fifth and final installment on a 200,000-ton Soviet wheat loan made to Bangladesh in 1973. The wheat was purchased for \$165.88 per ton and shipment is scheduled for late August. Previous installments on the loan occurred in 1977, 1978, and 1981.

The SOVIET UNION's import demand for hops is expected to remain high. Increased procurement prices for hops in recent years have failed to stimulate production enough to meet domestic requirements. The 1982 crop is estimated at 6,000 tons, the same level as in 1980 and 1981. During 1982, total planted hop area is estimated at 16,000 hectares, the same as the previous 2 years. Production problems include shortages of equipment, labor and lumber for plant trellises.

Abnormally dry conditions in INDONESIA have reduced the outlook for the 1982 rice crop. Little or no rainfall from May through July has severely damaged the dry season rice crop, which accounts for about a third of total Indonesian production. Most of the major rice producing areas have been affected by the dry weather, with the central and eastern portions of Java most severely affected. Total rice production for 1982, however, remains favorable due to an abnormally good main, or wet season, crop. The USDA now estimates Indonesia's 1982 rice crop at 31.8 million tons (rough basis), which would represent a decrease of 3 percent from last year's crop. The U.S. agricultural counselor in Jakarta estimates this could necessitate rice imports of around 600,000 tons, of which an estimated 375,000 tons have already been purchased.

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DAIRY, LIVESTOCK AND POULTRY

In the NETHERLANDS, a hog cholera outbreak has been reported in the province of Noordbrabant where roughly one-third of all Dutch swine are located. About 20,000 hogs from 24 hog feeding operations were destroyed either because of actual or suspected infection. Garbage feeding is reported as the main source of the infection. It is estimated that only 90,000 of the some 10 million hogs in the Netherlands are garbage fed, a practice that the Dutch Product Board for Livestock and Meat would like to eliminate completely. The United Kingdom has embargoed pork imports from Noordbrabant but has permitted imports from other areas to continue.

In FRANCE, production of beef and veal is expected to decline about 5 percent in 1982, according to the U.S. agricultural counselor in Paris. The projected drop in beef output is due to heavy slaughtering in the second half of 1981 and to current uncertainty about the government intervention price during the first half of 1982. Veal output, which represents about 20 percent of total beef and veal output, is expected to increase about 6 percent from the 1981 level, which was low due to consumer concern over use of growth hormones in veal production.

AUSTRALIA's broiler production is forecast to decline about 9 percent in 1982 as high stock levels continue to burden the market, according to the U.S. agricultural counselor in Canberra. The Australian broiler industry is dominated by a few large firms which appear to be deliberately reducing broiler production in an effort to work off the heavy stock buildup of 1980. The downward level in broiler production is likely to be reversed in 1983 as producers respond to increased consumer demand for fresh versus frozen poultry meat. Broiler production in 1983 is forecast to reach 274,000 tons, 9 percent above 1982 but still 3 percent below the record 1980 production of 282,000 tons.

COTTON

INDIA's textile industry, which has been plagued by labor strikes for nearly 200 days, may soon be facing new problems. Owners of eight strike-bound mills reportedly have approached the Maharashtra government for permission to close their operations in Bombay.

TURKEY's exports of cotton have been virtually halted as the result of a March increase in the export tax. Exporters indicate that little or no cotton was booked for export during March and no cotton has been shipped since April. From August 1981 through April 1982, Turkey exported 845,000 bales (184,000 tons).

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TOBACCO

SPAIN has issued regulations for the 1982/83 tobacco marketing year that have the potential of increasing production. The new regulations are designed to shift production to flue-cured tobacco by increasing the price schedule for flue-cured more than increases for other types. Flue-cured tobacco had the highest price increase, 11 percent above last year. Production allocations (tonnage basis) allow for a 19 percent increase in total tobacco production over the 1981/82 marketing year. With a 54 percent increase, flue-cured tobacco had the highest increased maximum allocation for any type from the previous year.

In the UNITED STATES, exports of unmanufactured tobacco during the first-half of 1982 (January-June) totaled 122,413 tons, about the same as last year's January-June level of 122,314 tons, and an increase of 13 percent in value to \$706.7 million. Six countries took 53 percent of the total unmanufactured leaf exported during January-June 1982: West Germany (14,330 tons), Thailand (12,559 tons), Italy (11,316 tons), Japan (10,912 tons), Egypt (7,665 tons), and Spain (7,636 tons). Flue-cured exports made up 52 percent of total unmanufactured tobacco shipments, followed by 29 percent for burley.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	:	:	:	:
	:	August 10, 1982	:	Change from
	:		:	previous week
	:		:	A year
	:		:	ago
	:		:	
		\$ per	\$ per	¢ per
		m. ton	bu.	bu.
				\$ per
				m. ton
Wheat				
Canadian No. 1 CWRS-13.5%.....	197.00	5.36	-.08	236.00
U.S. No. 2 DNS/NS: 14%.....	170.00	4.63	-.16	189.00
U.S. No. 2 DHW/HW: 13.5%.....	1/	1/	1/	202.00
U.S. No. 2 S.R.W.....	137.00	3.73	-.16	163.00
U.S. No. 3 H.A.D.....	166.00	4.52	-.11	192.00
Canadian No. 1 A: Durum.....	186.00	5.06	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn.....	112.00	2.85	-.22	148.00
U.S. No. 2 Sorghum 2/.....	1/	1/	1/	158.00
Feed Barley 3/.....	1/	1/	1/	134.50
Soybeans:				
U.S. No. 2 Yellow.....	234.75	6.39	-.31	287.50
Brazil 47/48% Soya Pellets 4/.....	211.50	--	-5.50 5/	285.50
U.S. 44% Soybean Meal (MT)....	204.00	--	-7.00 5/	245.00
EC Import Levies				
Wheat 6/.....	104.37	2.84	-.09	72.15
Barley.....	93.42	2.03	-.02	51.55
Corn.....	94.45	2.40	-.12	52.20
Sorghum.....	95.55	2.43	+.03	42.55

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Argentine.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis September delivery.

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